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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 04/10/09

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ARTICLES:

(1) Will Lower House be dissolved in May? Prevailing view in LDP is that enactment of supplementary budget will set stage for dissolution; Prime minister may have July or later in mind

Hiroshi Oyama, Kohei Kobayashi, Political Department

With the compilation of the nation's largest-ever economic stimulus package that includes 15 trillion yen in actual fiscal spending, the government and the ruling parties now believe that Prime Minister Taro Aso has taken one step closer to dissolving the House of Representatives for a snap general election. His cabinet's support ratings are showing some signs of improvement. Given the situation, rumor has it in the ruling parties that the prime minister will dissolve the Lower House in May. Such factors as the trends in support ratings and moves by the major opposition Democratic Party of Japan (DPJ) are likely to be key to the prime minister's decision on when to dissolve the Lower House.

Prime Minister Aso held a press conference at the Japan National Press Club yesterday in which he was asked when he would dissolve the Lower House. Aso parried the question, saying: "People have been saying all sorts of things, and I have been enjoying hearing them."

Until recently, Aso was struggling with dismal public support ratings and "there were only traces of life in him," as one LDP executive put it. But his popularity has been rising in the wake of the indictment of DPJ President Ichiro Ozawa's state-paid secretary on charges of violating the Political Funds Control Law in handling donations to Ozawa's funds-management organization. Aso is now upbeat.

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The prime minister, who keeps saying that he is prioritizing policy over Lower House dissolution, seems to be planning to dissolve the chamber in July or later. His strategy is to face the next Lower House election after achieving results by means of enacting a fiscal 2009 supplementary budget bill, tax reform-related bills and anti-piracy legislation. The prime minister has repeatedly indicated that he might dissolve the Lower House in the event the opposition parties put up stiff resistance during Diet deliberations. The prevailing view is that his statements were intended to discourage the opposition parties from raising objections.

At the same time, many LDP lawmakers favor dissolution in May.

It is likely that a supplementary budget bill and tax reform-related bills will be presented to the Diet on April 27 and that they will clear the Lower House in mid-May. Those favoring May take the view that such a development would set the stage for the dissolution regardless of the opposition camp's boycott of deliberations in the House of Councillors.

In an LDP Tokyo federation meeting on April 6, Prime Minister Aso said, "There will be a Lower House election shortly." This was followed by a meeting on April 7 between Aso and former Prime Minister Yoshiro Mori, former Finance Minister Bunmei Ibuki and others. This rekindled the May dissolution in the LDP. But when LDP General Council Chairman Takashi Sasagawa asked Aso if "shortly" meant several months, Aso said, "Yes."

The Tokyo Metropolitan Assembly election is scheduled for July 12. The LDP's coalition partner New Komeito does not want the next Lower House election to be close to the Tokyo election. Some are therefore talking about a possible dissolution in late May for election on June 7 or 14. Aso, too, reportedly told an aide: "I believe an election on June 7 would satisfy the New Komeito."

There are high hurdles ahead of the possible dissolution in May, however. Whether the cabinet's support ratings will further improve is unknown, and there is still the possibility of Nishimatsu Construction Co.'s illegal donation scandal spilling over on to the LDP. In an Ibuki faction general meeting yesterday, Ibuki urged the prime minister to make a decision cautiously.

If May is passed up, the G-8 summit and the Tokyo election both come in July. A Lower House election has never been held in August, and

the prime minister might not be able to dissolve the chamber until the Lower House members' term expires in September. There is speculation that in such a case, a move might arise to unseat Aso, and he would be forced to resign before his tenure as LDP president expires in September.

Aso held a meeting at his office yesterday with former Prime Minister Mori, who is scheduled to visit South Africa and other countries in mid-May. In the meeting, Mori asked Aso about the possibility of the next Lower House election coinciding with his overseas trip. Aso reportedly smiled and did not answer Mori's question.

(2) DPJ would ban donations from corporations and organizations;
Aims to wipe away the party's negative image

YOMIURI (Page 4) (Full)
April 10, 2009

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The political promotion task force of the Democratic Party of Japan (DPJ) decided in a meeting yesterday a policy of completely prohibiting corporations and organizations from making donations to individual politicians and from purchasing party tickets for politicians' fundraising activities, despite objections from within the party. The DPJ's decision is aimed at wiping away its negative image stemming from the indictment of DPJ President Ichiro Ozawa's secretary for violating the Political Funds Control Law over donations to his political fund management organization. I hopes to do so by displaying a firm stance toward the issue of "politics and money," having in mind the House of Representatives election drawing closer.

After the meeting, DPJ Secretary General Yukio Hatoyama reported the policy to Ozawa at party headquarters. Ozawa reportedly told Hatoyama: "If we say we will ban only corporations receiving orders for public works projects, the public would not understand what we mean. The public is not interested in the argument of completely prohibiting donations or not, so it is good that a complete ban was decided."

The DPJ included a measure to ban donations from corporations receiving orders for public works projects in its manifesto (set of campaign pledges) for the Lower House elections in 2003 and in 2005. However, many DPJ lawmakers were negative about completely prohibiting corporate donations in the past. At a press conference on March 17, Ozawa suggested completely banning donations from corporations and organizations. Ozawa's aim was to fend off criticism against him over the fundraising scandal involving his fund management organization. With the Lower House election drawing closer, Ozawa thought that it was necessary to play up differences in the positions of the DPJ and the Liberal Democratic Party (LDP) regarding the issue of politics and money, according to a senior DPJ member.

Many DPJ lawmakers, centering on those who have received donations from corporations and labor unions, are still negative about a complete ban. The meeting failed to decide on a transitional period because such objections were presented in succession as that a complete ban would restrict freedom of political activities. There is also a view that even if the party submits a bill to the Diet, it would not be adopted even in the House of Councillors, where some members may defy the party policy.

(3) Issuance of deficit-covering government bonds to top 30 trillion yen: Another 8 trillion yen to finance additional economic package

SANKEI (Page 1) (Full)
April 10, 2009

The amount of deficit-covering government bonds to be issued in fiscal 2009 will likely top 30 trillion yen. The government plans to issue additional deficit-covering government bonds worth 8 trillion yen in the fiscal 2009 extra budget, which will finance an additional stimulus package. As a result, the issuance of such bonds

will top 28.7 trillion yen (account-settlement basis), the highest-record level marked in fiscal 2003, if 25.7 trillion yen to be issued in the fiscal 2007 original budget is added. The additional issuance of government bonds, including construction bonds to finance public works, will likely reach 11 trillion yen. The issuance of deficit covering government bonds inclusive of such

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to be issued in the extra budget will thus swell to roughly 44 trillion yen. As such, it is now certain that the total amount of the issuance of such bonds will exceed 37.5 trillion yen (account-settlement basis), the record-high marked in fiscal 1999.

Finance Minister, State Minister for Financial Services and State Minister for Economic and Fiscal Policy Kaoru Yosano during a BS-Fuji TV news show on the evening of April 9th revealed the outlook that the amount of deficit-covering government bonds to be issued will reach between 7-8 trillion yen. As a breakdown of fiscal resources for the extra budget, he revealed a plan to draw 1 trillion yen from reserves for emergency economic measures to implement an economic stimulus package promptly and 3 trillion yen from reserves for interest-rate fluctuations in the fiscal investment and loans program special account, so-called hidden funds (Maizokin) in Kasumigaseki. He noted that public works would be financed with construction bonds, and the rest would have to be covered with deficit-covering government bonds.

He also pointed out that if the government does not take stimulus measures, the jobless rate could top 7 PERCENT . He explained that the government's additional economic stimulus measures will produce the effect of constraining the unemployment rate at around the lower 5 PERCENT level, by pushing down a rise in such a rate to around 1 PERCENT .

In the meantime, as part of the additional economic stimulus measures, the government and the ruling parties the same day put together fresh countermeasures on stock prices tapping public funds. The package includes sorting out systems, such as one under which a government organ purchases stocks, when the financial market is thrown into chaos due to stock plunges, and establishing a government guarantee framework worth 50 trillion yen that can be used for stock purchases. The government will submit the new package as lawmaker-initiated legislation related to the fiscal 2009 budget.

Regarding the additional stimulus package, the government approach to the sluggish stock market is that a government-affiliated body purchases stocks in readiness for a possible continuation of a situation, in which the market suffers from a serious setback. As such, stock purchases will be limited to a case in which the stock market is thrown into an abnormal situation. The government will establish a new body as an organ tasked with purchasing stocks.

(4) Calls for tough action against North Korea could trigger an arms race

ASAHI (Page 3) (Full)
April 10, 2009

Calls for a tough response to North Korea's recent missile launch are growing in Japan and South Korea. In Japan, the argument for Japan to possess a capability to attack Korea's missile bases has been heard again, ignoring Japan's repeated confirmation of its postwar defense-only policy. Such calls could trigger an arms race in the region.

Appeals for nuclear option debate growing in LDP

"It is the ruling parties' responsibility to consider a nuclear deterrence option to cope with the North Korean threat. Japan should

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consider having the capacity to independently attack missile based in North Korea." House of Councillors member Ichita Yamamoto made

this remark during the first meeting yesterday of a group to study developing a deterrent capability against North Korea, launched by seven Liberal Democratic Party lawmakers.

An increasing number of LDP members have begun to express hard-line views since Pyongyang's missile launch on April 5. Senior member Goji Sakamoto indicated in a party executive meeting on April 7 that "Japan should threaten by saying that it will go nuclear." In a meeting of the Upper House's foreign and defense committees held the same day, National Defense Division Chairman Katsuto Asano said: "I wonder if the government intends to review the current role-sharing mechanism of Japan being responsible for national defense and the U.S. responsible for taking the offensive."

Whenever North Korea launched ballistic missiles, like those in 1998, 2003 and 2006, and whenever the argument of missiles being a threat gained influence, the argument always came up about Japan opting to have an enemy-base strike capability. On this option, however, the government has repeatedly explained: Although Japan's attack of an enemy base following its strike on Japan is within the scope of self-defense, possessing weapons to attack other countries itself is unconstitutional. Even on the idea of Japan possessing such weapons to deter enemies' attacks, the government's view is that the possession of offensive weapons such as intercontinental ballistic missiles and long-range bombers goes against the nation's defense-only policy.

Japan for the first time deployed ballistic missile defense (BMD) units to possibly intercept a missile North Korea's planned to launch. It took time to completely deploy them, so the defensive area to be covered by the system was limited. This result has convinced people of the need to debate a nuclear option. Even so, if Japan moves to possess offensive weapons, China, South Korea and other neighbors will inevitably react fiercely. Indeed, Japan's move could result in triggering an arms race in the region.

A senior Self-Defense Force official said: "Developing a preemptive-strike capability is far less costly than developing a BMD system." But when the government decided to introduce the MD system in December 2003, it issued this statement under the name of the chief cabinet secretary: "The introduction of the system is not intended to pose a threat to neighboring countries." Given this, the appeal for a preemptive-strike capability can be taken as ignoring what have been repeatedly discussed in the nation.

Some LDP members have criticized this recent atmosphere in the party. Former Secretary General Taku Yamasaki said on April 7: "Some suggest that if another country launches in Japan's direction, Japan should strike that country's missile bases, and others propose that Japan should go nuclear if the other side opts for it. Such arguments will lead mankind to destruction."

(5) North Korean missile launch - part 3: Final stage before developing missile capable of carrying nuclear warheads

YOMIURI (Page 6) (Full)
April 6, 2009

Kazuhisa Ogawa: Military affairs analyst

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The aim of the firing of a ballistic missile by North Korea on April 5 is not to launch an artificial satellite but to acquire intercontinental ballistic missile (ICBM) technology and data with a view to developing a missile capable of carrying a nuclear warhead.

Even Iran and Pakistan, to which North Korea has provided technology for the development of missiles, would not accept its test-firing a ballistic missile. However, if it is an artificial satellite, the North can claim that the firing of such is not a violation of UN Security Council (UNSC) resolution 1718. It is reasonable to assume that the North has ICBMs and has now entered the final stage of launching a missile capable of carrying a nuclear warhead.

North Korea's missile technology has significantly improved,

compared with the launch of a Taepodong-2 missile in July 2006, although the launch itself was a failure. The North presumably used highly corrosive liquid fuel, which is difficult to handle. Anti-corrosive coating using former USSR technology was supposedly applied to underground fuel tanks and pipes that connect tanks and a missile.

A tank that contains liquid fuel could remain corrosion-free for up to six months. It is possible to assume that the North has erected missile-launching facilities underground, using this technology. The injection of fuel from a fuel tank was speedy. The time taken until the launch was shorter than the previous launch.

The next stage is to miniaturize a nuclear warhead. Pakistan's medium-range ballistic missile "Gauri," which is said to be a reproduction of North Korea's Nodong with a range of 1,300 kilometers, which has Japan within a range, is already nuclear-capable. It makes sense to assume that the North has succeeded in miniaturizing the warhead for the Nodong. The prevailing view is that the nation already has no more than 10 such nuclear warheads.

It is only a matter of time before the North can produce a small nuclear warhead that is weight-compatible for an ICBM.

A nuclear threat is something that combines both the intent of the other country and its capabilities. It would not be a threat if that country is friendly toward Japan and has an interdependent relationship.

What Japan must do is to change North Korea from being a hostile country - that is to say, change its intention through diplomacy and contain its capabilities, i.e., its possession of nuclear arms and missiles. This can be done by strengthening the Japan-U.S. alliance.

However, the U.S. does not think that North Korea will take reckless action, such as striking other countries with nuclear missiles. The U.S. presumably does not consider the North's missile launch as a major threat to it.

It is very important for Japan to work on the U.S., which has been giving priority to the prevention of nuclear proliferation, to focus on missiles. Further, in order to have the Japan-U.S. alliance fully function, it is imperative to clarify the U.S. stance that it will regard any attack on Japan as an attack on the U.S., by specifying a method of counterattack against the attacking country.

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In the meantime, the international community must take measures in unison to contain the North's nuclear capability with a broader framework than the six-party talks.

Kazuhisa Ogawa: Military affairs analyst, after being a newspaper reporter. His works include "Japan's War Capability" and "Fight against Crisis." 63 years old.

(6) TOP HEADLINES

Asahi:

Consumer agency bill to clear current Diet session due to DPJ's compromise

Mainichi:

Japan Post disposed of documents on insurance benefit payments made before its switch from government agency to public corporation

Yomiuri, Sankei:

Aso aims to create 4 million jobs by 2020 through intensive investments in environment, medical and tourism

Nikkei:

Mitsubishi Chemical to withdraw from two general-purpose resin businesses

Tokyo Shimbun:

Japan, U.S. analysis: North Korean missile's third stage separated during descent after flying over 3,200 kilometers

Akahata:

Chairman Shii: Guam International Agreement must be rejected

(7) EDITORIALS

Asahi:

- (1) 15-trillion-yen supplementary budget too huge
- (2) DPJ must get serious about banning corporate donations

Mainichi:

- (1) Imperial golden wedding anniversary
- (2) 15-trillion-yen stimulus package must bear fruit

Yomiuri:

- (1) Record stimulus package must be spent wisely
- (2) Day-care center reform essential for working mothers

Nikkei:

- (1) Hurdles for Aso's economic doubling plan
- (2) Alarm against Kim's military-first administration

Sankei:

- (1) Imperial golden wedding anniversary, an opportunity to consider prosperity of Imperial Family
- (2) Aim at new UN Security Council resolution on North Korean missile

Tokyo Shimbun:

- (1) Emperor, Empress celebrate 50th wedding anniversary
- (2) Bonn climate talks: Adoption of new rules must not be postponed

Akahata:

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- (1) Suspicions concerning incumbent cabinet minister must be pursued

- (8) Prime Minister's schedule, April 9

NIKKEI (Page 2) (Full)

April 10, 2009

08:20

Attended at Kantei meeting of IT strategy taskforce.

09:40

Singed his name on the book for the birthday of Princess Nobuko at Prince Mikasa's residence in Moto-Akasaka.

11:01

Met International Rugby Board Chairman Lapasset at Kantei, attended by Japan Rugby Football Union Chairman Yoshiro Mori, former prime minister, and Education Administrative Vice Zeniya. Mori remained.

11:46

Met with Lower House member Akiko Yamanaka.

12:06

Met with Lower House member Yoshitake Masuhara.

13:02

Attended Lower House plenary session.

13:51

Met at Kantei with chief Cabinet Secretary Kawamura. Met later with Reform Club Representative Watanabe and Secretary General Arai, joined by Kawamura.

14:45

Met with Murakami, vice minister for international affairs of the Ministry of Agriculture, Forestry and Fisheries; Ishige, vice minister for international affairs of the Ministry of Economy, Trade

and Industry; Deputy Minister for Foreign Affairs Sasae, Foreign Ministry Asian and Oceanic Affairs Bureau chief Saiki, International Cooperation Bureau chief Kitera, joined by Deputy Chief Cabinet Secretary Matsumoto.

16:25

Met Japan National Press Club President Takuo Takihana at Japan Press Center in Uchisaiwaicho. Attended session hosted JNPC.

18:18 Met U.S. Senator McCain at Kantei.

19:38

Dined with Upper House member Chuichi Date at Japanese restaurant Yamazato in Hotel Okura.

21:48

Met secretary at bar Baron Okura in Hotel Okura.

22:46 Returned to the official residence.

ZUMWALT